FINANCIAL STATEMENTS

DECEMBER 31, 2012

CONSUMER
PROTECTION BC

HAYES STEWART LITTLE & COMPANY
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Directors of Business Practices and Consumer Protection Authority of British Columbia

Report on the Financial Statements
We have audited the accompanying financial statements of the Business Practices and Consumer Protection Authority of BC (dba Consumer Protection BC), which comprise the statement of financial position as at December 31, 2012, and the statements of operations, changes in net assets, cash flows and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Consumer Protection BC as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Comparative Information
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Consumer Protection BC adopted Canadian Accounting Standards for Not-for-Profit Organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Hayes Stewart Little + Co

Victoria, BC
March 11, 2013

Chartered Accountants

Consumer Protection BC
Statement of Financial Position
As at December 31, 2012

	December 31, 2012	December 31, 2011	January 01, 2011
Assets			
Current:			
Cash	$ 1,576,450	$ 1,336,079	$ 323,426
Security held as cash (Note 13)	1,264,090	1,041,095	784,588
Accounts receivable	347,298	338,695	778,190
Prepaid expenses	87,378	109,477	166,861
Short term investments	670,643	497,673	386,872
	3,945,859	3,323,019	2,439,937
Investments	1,834,660	1,755,115	1,905,968
Property, plant and equipment (Note 5)	943,479	886,226	1,000,482
Total Assets	$ 6,723,998	$ 5,964,360	$ 5,346,387
Liabilities			
Current:			
Accounts payable and accrued liabilities	$ 744,196	$ 694,634	$ 682,760
Government liabilities	14,826	13,863	31,888
Security payable (Note 13)	1,264,094	1,041,095	784,588
Deferred revenue (Note 7)	1,355,917	1,192,717	1,027,123
Current portion of deferred capital contributions (Note 8)	579	827	1,689
Current portion of deferred lease inducements (Note 9)	48,315	18,417	18,417
Current portion of supplemental retirement benefit plan (Note 11)	-	14,741	-
	3,427,927	2,976,294	2,546,465
Deferred capital contributions (Note 8)	1,351	1,931	2,251
Deferred lease inducements (Note 9)	231,251	135,060	153,478
Supplemental retirement benefit plan (Note 11)	66,618	70,204	68,895
Total Liabilities	3,727,147	3,183,489	2,771,089
Net Assets (Note 10)	2,996,851	2,780,871	2,575,298
Total Liabilities and Net Assets	$ 6,723,998	$ 5,964,360	$ 5,346,387

Lease Obligation and Commitments (Note 6)

Approved by:

Chair, Board of Directors

President and CEO

Consumer Protection BC
Statement of Operations and Net Assets
For the year ended December 31, 2012

	2012	2011
Revenue		
Licenses, classification, penalties & fines	$ 4,855,540	$ 4,357,159
Recoveries (Notes 16 and 17)	316,831	290,000
Interest, investment and other income	266,859	237,881
Government grants	827	1,182
	5,440,057	4,886,222
Expenses		
Accounting and legal	174,328	105,489
Amortization	185,908	203,325
Contract services	360,271	202,263
Governance (Note 12)	167,531	153,078
Information systems and telecommunication	260,055	216,845
Insurance	79,961	83,922
Office	188,095	141,632
Rent - premises	566,847	596,624
Travel	76,939	53,520
Wages and benefits	3,164,737	2,926,900
	5,224,672	4,683,598
Excess of revenues over expenditures	215,385	202,624
Other income		
Gain on sale of property, plant and equipment	595	2,949
Excess of revenues over expenses for the year	$ 215,980	$ 205,573
Net assets, beginning of year	$ 2,780,871	$ 2,575,298
Excess of revenues over expenditures	215,980	205,573
Net assets, end of year	$ 2,996,851	$ 2,780,871

Consumer Protection BC
Statement of Cash Flows
For the year ended December 31, 2012

	2012	2011
Operating Activities		
Cash received from licensees	$ 5,197,409	$ 5,244,677
Cash received from government sources	30,248	30,861
Cash received as interest on bank balances	30,300	26,104
Cash received as investment income	61,080	67,580
Cash received from the travel assurance fund	201,848	84,121
Cash received from the consumer advancement fund	279,111	212,039
Cash received for recoveries of costs from legal action	21,831	68,836
Cash received from service contracts	58,435	43,465
Cash paid to government sources	(326,602)	(309,893)
Cash paid for goods and services	(1,394,464)	(1,748,681)
Cash paid to employees	(3,213,529)	(2,373,694)
Net cash from operating activities	945,667	1,345,415
Investing Activities		
Cash paid for acquisition of investments	(900,720)	(574,634)
Cash received from sale of investments	660,985	584,500
Cash paid for acquisition of property, plant and equipment	(243,161)	(97,704)
Cash received from sale of property, plant and equipment	595	11,583
Net cash for investing activities	(482,301)	(76,255)
Net increase in cash and cash equivalents	463,366	1,269,160
Cash and cash equivalents, beginning of year	$ 2,377,174	$ 1,108,014
Cash and cash equivalents, end of year	$ 2,840,540	$ 2,377,174
Cash and cash equivalents comprised of:		
Cash	$ 1,576,450	$ 1,336,079
Security held as cash (Note 13)	1,264,090	1,041,095
	$ 2,840,540	$ 2,377,174

Consumer Protection BC
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. Purpose of the organization

The Business Practices and Consumer Protection Authority (the Authority) was established on March 31, 2004 under the Business Practices and Consumer Protection Act of British Columbia as a not for profit corporation without share capital. After an extensive rebranding process, on August 24th, 2009, the Authority commenced doing business as Consumer Protection BC.

The purpose of Consumer Protection BC is to deliver consumer protection services throughout British Columbia, to promote fairness and understanding in the marketplace and to administer in the public interest any Act for which the administration has been delegated. Consumer Protection BC is classified as a public body for income tax purposes and therefore is not subject to income taxes.

2. First time adoption of accounting standards for not-for-profit organizations

During the year the organization adopted accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at January 1, 2012 or revenues and expenditures or cash flows for the year ended December 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. Accounting policies

The financial statements of Consumer Protection BC have been prepared in accordance with Canadian generally accepted accounting principles. The following significant accounting policies have been adopted by the organization:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and investment institutions.

(b) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments consist of cash, security held as cash, investments, receivables, payables and accruals, and security deposits payable.

3. Accounting policies cont.

Consumer Protection BC is exposed to credit risk with respect to cash and cash equivalents, investments and accounts receivable. Management believes that the institutions that hold the cash balances and investments are financially sound and therefore minimal credit risk exists with respect to these financial instruments. The receivables are derived from classification services provided to customers. An allowance for doubtful accounts is determined for those accounts for which collection is doubtful.

Consumer Protection BC is not exposed to interest rate risk as it holds no debt and interest revenue earned is on "fixed income investments" and the overall return is known at the time the investment is purchased. Interest earned at variable rates on cash deposits are not a significant source of revenue.

Consumer Protection BC is exposed to fair value risk as the value of investments will fluctuate with prevailing market conditions. This risk is mitigated as investment holdings are part of a managed portfolio for which there are established guidelines for investment mix and risk tolerances.

(c) Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for additions and expenditures which substantially increase the useful life of existing assets are capitalized. Amortization is calculated at the following annual rates:

Furniture and equipment	20% declining balance
Computer hardware and software	20% declining balance
Telecommunications equipment	30% declining balance
Automotive equipment	30% declining balance
Leasehold improvements	Straight line over lease term

(d) Revenue Recognition

Consumer Protection BC follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets contributed or externally restricted contributions for the purchase of capital assets are deferred and amortized over the life of the related capital asset. Unamortized deferred capital contributions relating to capital asset dispositions are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Government grants are accounted for as unrestricted contributions or externally restricted contributions in accordance with the terms of funding.

Unrestricted interest, investment and recoveries income is recognized as revenue when earned.

3. Accounting policies cont.

License fees are recognized on a straight line basis as revenue throughout the period the license is valid.

Classification fees are recognized when earned.

(e) Receivables

Consumer Protection BC conducts credit business with film distributors for film classification services. Ongoing credit evaluations are performed on customers and prepayment is required in the event of unsatisfactory payment history. An allowance for doubtful accounts for estimated losses due to the inability of customers to make payments is maintained. The allowance is adjusted periodically based on the best estimate of bad debt write offs.

(f) Employee Benefit Plan

Pension Plan

Consumer Protection BC and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The Pension Corporation of British Columbia administers the Plan including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a multi-employer defined benefit plan.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation (March 31, 2011) has determined that the Plan has an unfunded liability of $275 million.

The pension plan liability or surplus rests with the Pension Corporation of British Columbia and does not belong to Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

Defined supplemental retirement benefit plan

The supplemental retirement benefit plan payable at retirement is based on the employee's service and earnings projected to retirement. For employees currently not yet eligible to retire and receive the retirement benefit on the year-end date, the benefit is then prorated by the ratio of their service to date over their total service at the time of retirement. The prorated benefit represents the portion of the benefit accrued to the year-end date. For employees eligible to receive the retirement benefit at the year-end date, the expected retiring benefit payment has been included in the accrued liability. The value of the benefit is calculated based on the likelihood that the member will retire from the plan and discounted with interest to the current age.

3. Accounting policies cont.

(g) Long Term Disability

Consumer Protection BC contributes to the Public Service Long-term Disability Multiemployer Plan, as a member of an employer group. The long term disability plan liability rests with the Province of BC and is not a liability of Consumer Protection BC. As such, defined contribution plan accounting is applied to this benefit plan and the costs of these employee future benefits is recognized as an expense in the year that contributions are made.

(h) Asset retirement obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized as part of the carrying amount of the long lived assets and amortized over the life of the asset. At this time, Consumer Protection BC has determined that there are no significant asset retirement obligations.

(i) Use of Estimates

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This includes but is not limited to the useful lives of property, plant and equipment and the liability accrued for the defined supplemental retirement benefit.

(j) Intangible assets

Intangible assets consist mainly of costs related to trademarks and licenses. These assets are tested for impairment annually or more frequently when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing their carrying value to estimates of their fair value based on estimates of discounted future cash flows or other valuation methods. When the fair value is determined to be less than carrying value, the resulting impairment is reported in the income statement.

4. Operating line of credit

Consumer Protection BC maintains an operating line of credit in the amount of $1,000,000 with Van City Savings Credit Union. The credit facility bears interest at the bank's prime rate plus .50%. As of December 31, 2012, there were no borrowings under the line of credit.

5. Property, plant and equipment

	Cost	Accumulated Amortization	Net Book Value 2012	2011
Furniture and equipment	$ 462,077	$ 220,644	$ 241,433	$ 256,409
Computer hardware and software	668,881	535,745	133,136	176,157
Telecommunications equipment	4,433	3,240	1,193	1,705
Automotive equipment	74,285	61,239	13,046	18,637
Leasehold improvements	771,227	216,556	554,671	433,318
Total	**$ 1,980,903**	**$ 1,037,424**	**$ 943,479**	**$ 886,226**

6. Lease obligation and commitments

Consumer Protection BC has entered into lease agreements for its premises, computer equipment and a service contract for telecommunications and internet service. Future minimum lease payments are as follows:

	Premises	Equipment and Service	Total Future Minimum Lease Payments
2013	286,460	26,489	312,949
2014	295,447	-	295,447
2015	296,720	-	296,720
2016	321,060	-	321,060
2017	309,039	-	309,039
2018	204,003	-	204,003
2019	204,003	-	204,003
2020	68,001	-	68,001
	$ 1,984,733	$ 26,489	$ 2,011,222

In addition to the summary above, Consumer Protection BC has entered into lease contracts for internet services over a term of 36 months, with a commencement date that is subject to installation. The timing of the installation is not reasonably determinable, but is expected to occur in 2013. The annual cost of these contracts is $27,900.

7. Deferred Revenue

Deferred revenue consists of funds received for licenses issued that are in effect for all or part of the next fiscal year. The balance consists of the following unrecognized license fees by industry:

	2012	2011
Cemetery / Crematorium	$ 4,891	$ 4,590
Debt Collection	505,912	336,913
Film Distribution	142,072	136,657
Funeral Services	55,973	41,430
Home Inspectors	59,897	19,166
Payday Lenders	344,248	380,470
Telemarketing	59,498	56,673
Travel	183,426	216,818
	$ 1,355,917	$ 1,192,717

8. Deferred Capital Contributions

Deferred capital contributions represent unamortized external funding used to purchase capital assets which will be recognized as revenue in future periods:

	2012	2011
Balance, beginning of year	$ 2,758	$ 3,940
Amortized to revenue	(827)	(1,182)
Balance, end of year	1,931	2,758
Current portion	(579)	(827)
Long-term portion	$ 1,352	$ 1,931

9. Deferred Lease Inducements

Deferred lease inducements represent unamortized inducements received as part of the lease contracts on the Uptown and Burnaby premises. The deferred portion of these inducements will be recognized over the term of the lease contracts as a reduction of rent expense in future periods.

	2012	2011
Balance, beginning of year	$ 153,477	$ 171,894
Inducements received	149,489	-
Amortized to expense	(23,400)	(18,417)
Balance, end of year	279,566	153,477
Current portion	(48,315)	(18,417)
Long-term portion	$ 231,251	$ 135,060

10. Net Assets

	Invested in Capital Assets	Unrestricted	2012	2011
Balance, beginning of year	$ 883,468	$ 1,897,403	$ 2,780,871	$ 2,575,298
Excess (deficiency) of revenues over expenses		215,980	215,980	205,573
Amortization of deferred capital contributions	827	(827)	-	-
Investments in capital assets	243,162	(243,162)	-	-
Amortization of capital assets	(185,908)	185,908	-	-
Total	**$ 941,549**	**$ 2,055,302**	**$ 2,996,851**	**$ 2,780,871**

11. Employee future benefits

Public service pension plan

Consumer Protection BC has a defined benefit plan providing pension and other retirement benefits to its employees. The plan is administered by the Pension Corporation of British Columbia. Eligible employees make contributions to the plan via payroll deductions.

11. Employee future benefits cont.

The employer contribution rate to the Public Service Pension Plan is 9.43% of the pensionable salary up to the year's maximum pensionable earnings and 10.93% on pensionable salary in excess of the year's maximum pensionable earnings. These rates have been in effect since April 1, 2012. The year's maximum pensionable earnings for 2012 was $50,100 (2011: $48,300).

Consumer Protection BC recognized $234,816 in employer contributions as an expense during the fiscal year (2011: $223,513).

Defined supplemental retirement benefit plan

In addition to the Public Service Pension Plan, eligible employees are entitled to a supplemental retirement benefit as provided for under the collective agreement and terms of employment. The retirement benefit is based on years of service and final average salary and paid through an unfunded Defined Supplemental Retirement Benefit Plan, which is administered by Consumer Protection BC.

An independent actuarial valuation of the Defined Supplemental Retirement Benefit Plan has not been performed, therefore the amount accrued as a liability at December 31, 2012 is management's best estimate based on the following assumptions:

Accrued benefit obligation	$66,618
Discount rate	2.87%
General staff attrition rate	15.00%
Rate of compensation increase	0.00%

The full accrued benefit obligation has been recorded as a liability of Consumer Protection BC. Consumer Protection BC recognized $4,596 as a supplemental retirement benefit recovery during the fiscal year (2011 expense: $16,050) and made cash payments in the amount of $13,731 (2011: $nil).

Long term disability plan

A funded long term disability multi-employer plan provides disability income benefits after employment, but before retirement.

The contribution rate is 0.91% of the employees' salary (2011: 1.86%). The total contributions recognized as an expense in the year are $26,648 (2011: $46,559).

12. Governance

Governance consists of the costs associated with the Board of Directors and the industry advisory groups. These groups have been established to identify consumer and industry related issues and potential solutions for consideration by Consumer Protection BC.

13. Security Payable

Under Section 14(2) of the Travel Industry Regulation, licensed travel agents in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned 6 months after the license is cancelled if there are no outstanding claims against the security. If claims are made by consumers for travel services that were prepaid but not received, the security is used to reimburse the Travel Assurance Fund for the claims. The licensee has the opportunity to reimburse the Travel Assurance Fund prior to the security becoming realized.

Under Section 12(1) of the Debt Collection Industry Regulation, licensed debt collectors in BC must provide security to Consumer Protection BC prior to the issuance of a license. The security may be provided in the form of cash, letter of credit or approved investments. Security provided in the form of cash is held in a separate bank account and returned 2 years after the license is cancelled if there are no outstanding claims against the security.

	Debt	Travel	Total
Balance, beginning of the year	$ 131,507	$ 909,588	$ 1,041,095
Receipts	28,000	360,000	388,000
Refunds	(20,000)	(160,000)	(180,000)
Balance, end of year	$ 139,507	$ 1,109,588	$ 1,249,095

14. Travel Assurance Fund

The Travel Assurance Fund is established pursuant to Section 130(2) of the Business Practices and Consumer Protection Act ("Act") and is funded by required initial and semi-annual contributions from registrants. It has been created to reimburse eligible consumers who have prepaid for travel services with a BC registered travel agency, but did not receive the service. These compensation funds are to be maintained in trust and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and net assets of the Travel Assurance Fund are presented in Schedule A (pages 17 and 18).

(a) Investments

Consumer Protection BC follows the standards for measurement and disclosure of its investments in accordance with section 3856 *"Financial Instruments"* of the CICA Handbook. Investments for which there are quoted prices in an active market were, prior to the adoption of Canadian accounting standards for not-for-profit enterprises, classified as available for sale and reported at fair value. As described in note 2, Consumer Protection BC has adopted new accounting standards during the year and accordingly, such investments continue to be carried at fair value. Unrealized gains or losses are reported as part of net income.

14. Travel Assurance Fund cont.

Short term investments consist of fixed income Canadian dollar denominated securities with a maturity of one year or less. The Travel Assurance Fund does not hold any derivative investments.

(b) Claims Payable in Subsequent Period

Malev Hungarian Airlines

On February 3, 2012 Malev Hungarian Airlines ceased operations. The Travel Assurance Fund has received claims from consumers and travel agents who have suffered a loss as a result of the end su plier closure. Subsequent to year end the Authority recorded $17,581 in accepted claims payable with respect to Malev Hungarian Airlines.

In addition the Authority received $1,476 of additional claims in respect to this end supplier closure. The Authority had not yet made a determination on the eligibility of these additional claims for compensation by the Travel Assurance Fund. Therefore the amount of additional claims to be approved by the trustee and recognized as payable is not determinable.

Shilla Tours & Travel Ltd.

On May 11, 2012 Shilla Tours & Travel Ltd ceased operations. The Travel Assurance Fund has received claims from consumers who had suffered a loss as a result of this closure. By statement date, the Authority had received $12,560 in claims with respect to Shilla Tours & Travel Ltd., however had not yet made a determination on eligibility of claims for compensation by the Travel Assurance Fund. Therefore the amount of claims to be approved by the trustee and recognized as payable is not determinable.

S.K.Y Management Travel Inc

On October 4, 2012 S.K.Y Management Travel Inc. ceased operations. The Travel Assurance Fund has received claims from consumers who had suffered a loss as a result of this closure. By statement date, the Authority had received $90,239 in claims with respect to S.K.Y Management Travel Inc., however had not yet made a determination on eligibility of claims for compensation by the Travel Assurance Fund. Therefore the amount of claims to be approved by the trustee and recognized as payable is not determinable.

KUMUKA TRAVEL.

On July 18, 2012 KUMUKA TRAVEL ceased operations. The Travel Assurance Fund has received claims from consumers who had suffered a loss as a result of this closure. By statement date, the Authority had received $2,268 in claims with respect to KUMUKA TRAVEL, however had not yet made a determination on eligibility of claims for compensation by the Travel Assurance Fund. Therefore the amount of claims to be approved by the trustee and recognized as payable is not determinable.

15. Consumer Advancement Fund

The Consumer Advancement Fund is established pursuant to Section 139(1) of the Business Practices and Consumer Protection Act ("Act") and is funded by proceeds from court ordered actions taken against violators of the Act and various administrative penalties. It is created to fund education of consumers and suppliers on compliance with the Act. These funds are maintained in trust and administered by and do not form part of the assets of Consumer Protection BC. The statement of financial position and statement of operations and net assets of the Consumer Advancement Fund are presented in Schedule B (page 20).

(a) Canada 3000

On October 13, 2009 the Supreme Court of BC approved Consumer Protection BC's proposal to administer the C3 Leisure (Canada 3000) trust account. These trust fund monies were held within the Consumer Advancement Fund.

On November 18, 2012 the deadline for claims specified in the court appointment passed. As approved by the Order, Consumer Protection BC committed to retain residual funds in the Consumer Advancement Fund (CAF), to be used for ongoing consumer education and awareness of rights and responsibilities under the province's consumer protection legislation.

According to the Order, the amount retained in CAF would be the amount net of recovering costs for administration of the funds. Costs incurred were insignificant and deemed to be $nil. On December 19, 2012 Consumer Protection BC transferred the balance of funds totaling $374,348 to the CAF account.

16. Recoveries Fund

Recoveries consist of cost recoveries from legal actions and settlements Consumer Protection BC managed on behalf of consumers. Pursuant to a court order or consent agreement, Consumer Protection BC is authorized to deduct the costs it has incurred from the gross settlement proceeds prior to distributing the net amount to the damaged parties. Settlement amounts will vary from year to year depending upon the results of the actions taken. The statement of financial position and statement of operations and net assets of the Recoveries Fund are presented in Schedule C (page 21).

17. Related Party Transactions

Administrative fees were collected by Consumer Protection BC from the Consumer Advancement Fund in the amount of $170,000 (2011: $170,000) to compensate for the costs of administering the Fund.

Administrative fees were collected by Consumer Protection BC from the Travel Assurance Fund in the amount of $125,000 (2011: $120,000) to compensate for the costs of administering the Fund.

No fees were collected by Consumer Protection BC from the Recoveries Fund in 2012 (2011: $nil) to compensate for the investigative and legal costs.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Consumer Protection BC
Travel Assurance Fund
Schedule A

Statement of Financial Position
As at December 31, 2012

	2012	2011
Assets		
Current:		
Cash	$ 843,919	$ 1,083,484
Interest receivable	791	1,015
Accounts receivable	-	4,307
Short term investments (Note 14)	810,389	824,836
	1,655,099	1,913,642
Investments (Note 14)	3,367,013	3,247,381
Total Assets	$ 5,022,112	$ 5,161,023
Liabilities		
Current:		
Accounts payable	$ 8,286	$ 8,859
Due to Consumer Protection BC	6,045	82,893
Total Liabilities	14,331	91,752
Net Assets	5,007,781	5,069,271
Total Liabilities and Net Assets	$ 5,022,112	$ 5,161,023

Consumer Protection BC
Travel Assurance Fund
Schedule A

Statement of Operations and Net Assets
For the year ended December 31, 2012

	2012	2011
Revenue		
Contributions	$ 146,544	$ 149,511
Interest and investment income	115,572	125,484
	262,116	274,995
Expenses		
Payments and refunds	193,830	46,400
Expenses	4,776	6,984
Administration fee (Note 17)	125,000	120,000
	323,606	173,384
(Deficiency) excess of revenues over expenditures	$ (61,490)	$ 101,611
Net assets, beginning of year	$ 5,069,271	$ 4,967,660
(Deficiency) excess of revenues over expenditures	(61,490)	101,611
Net assets, end of year	$ 5,007,781	$ 5,069,271

Consumer Protection BC
Consumer Advancement Fund
Schedule B

Statement of Financial Position
As at December 31, 2012

	2012	2011
Assets		
Current:		
Cash	$ 375,758	$ 245,997
Cash held in trust (Note 15)	-	367,753
Interest receivable	149	231
Accounts receivable	-	-
Total Assets	$ 375,907	$ 613,981
Liabilities		
Current:		
Accounts payable	$ 3,853	$ -
Canada 3000 in trust (Note 15)	-	367,752
Due to Consumer Protection BC	19,891	129,002
Total Liabilities	23,744	496,754
Net Assets	352,163	117,227
Total Liabilities and Net Assets	$ 375,907	$ 613,981

Statement of Operations and Net Assets
For the year ended December 31, 2012

	2012	2011
Revenue		
Contributions	$ 422,658	$ 11,800
Interest	1,795	2,712
	424,453	14,512
Expenses	189,517	177,303
Excess (deficiency) of revenues over expenditures	$ 234,936	$ (162,791)
Net assets, beginning of year	$ 117,227	$ 280,018
Excess (deficiency) of revenues over expenditures	234,936	(162,791)
Net assets, end of year	$ 352,163	$ 117,227

Consumer Protection BC
Recoveries Fund
Schedule C

Statement of Financial Position
As at December 31, 2012

	2012	2011
Assets		
Current:		
Cash	$ 23,765	$ 23,765
Total Assets	$ 23,765	$ 23,765
Liabilities		
Current:		
Accounts payable	$ -	$ -
Deferred revenue	20,066	20,066
Total Liabilities	20,066	20,066
Net Assets	3,699	3,699
Total Liabilities and Net Assets	$ 23,765	$ 23,765

Statement of Operations and Net Assets
For the year ended December 31, 2012

	2012	2011
Revenue		
Funds recovered through legal actions and settlements	$ -	$ -
Expenses		
Investigative costs (Note 16)	-	1,301
	-	1,301
Deficiency of revenues over expenditures	$ -	$ (1,301)
Net assets, beginning of year	$ 3,699	$ 5,000
Deficiency of revenues over expenditures	-	(1,301)
Net assets, end of year	$ 3,699	$ 3,699